



General Assembly

January Session, 2015

Raised Bill No. 6865

LCO No. 3135



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

***AN ACT REQUIRING CERTAIN DISCLOSURES CONCERNING
COINSURANCE CLAUSES IN COMMERCIAL INSURANCE POLICIES
AND CONTRACTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-308 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) (1) No policy or contract of fire insurance shall be made, issued,
4 renewed or delivered by any admitted or nonadmitted insurer or any
5 agent or representative thereof, on any property in this state, unless it
6 conforms as to all provisions, stipulations, agreements and conditions
7 with the form of policy set forth in section 38a-307, except that a policy
8 or contract of fire insurance for a commercial property made, issued,
9 renewed or delivered by a nonadmitted insurer or any agent or
10 representative thereof may define "depreciation" differently than as set
11 forth in section 38a-307.

12 (2) There shall be printed at the head of such policy the name of the
13 insurer or insurers issuing the policy, the location of the home office

14 thereof, a statement showing whether such insurer or insurers are
15 stock or mutual corporations or are reciprocal insurers or Lloyd's
16 underwriter, provided any company organized under special charter
17 provisions may so indicate upon its policy and may add a statement of
18 the plan under which it operates in this state, and there may be added
19 thereon such device or devices as the insurer or insurers issuing such
20 policy desire. Such policy shall be clearly designated on the back of the
21 form as "The Standard Fire Insurance Policy of the State of
22 Connecticut"; and this designation may include the names of such
23 other states as have adopted this standard form.

24 (3) The standard fire insurance policy provided for in section 38a-
25 307 need not be used for effecting reinsurance between insurers. If the
26 policy is issued by a mutual, cooperative or reciprocal insurer having
27 special regulations with respect to the payment by the policyholder of
28 assessments, such regulations shall be printed upon the policy and any
29 such insurer may print upon the policy such regulations as are
30 appropriate to or required by its form of organization. Insurers issuing
31 the standard fire insurance policy pursuant to section 38a-307 are
32 authorized to affix thereto or include therein a written statement that
33 the policy does not cover loss or damage caused by nuclear reaction or
34 nuclear radiation or radioactive contamination, all whether directly or
35 indirectly resulting from an insured peril under such policy, [;
36 provided nothing herein contained] except nothing in this subdivision
37 shall be construed to prohibit the attachment to any such policy of an
38 endorsement or endorsements specifically assuming coverage for loss
39 or damage caused by nuclear reaction or nuclear radiation or
40 radioactive contamination.

41 (b) Any policy or contract that includes, either on an unspecified
42 basis as to coverage or for an indivisible premium, coverage against
43 the peril of fire and substantial coverage against other perils need not
44 comply with the provisions of subsection (a) of this section, provided:
45 (1) Such policy or contract shall afford coverage, with respect to the
46 peril of fire, not less than the substantial equivalent of the coverage

47 afforded by said standard fire insurance policy; (2) except as provided
48 under subdivision (1) of subsection (a) of this section for a policy or
49 contract of fire insurance for a commercial property made, issued,
50 renewed or delivered by a [surplus lines] nonadmitted insurer or any
51 agent or representative thereof, the following provisions in said
52 standard fire insurance policy are incorporated therein without
53 change: (A) Mortgagee interests and obligations, (B) the definitions of
54 actual cash value and depreciation, (C) the time period for when a loss
55 is payable after proof of loss, and (D) the time period for when a suit or
56 action for the recovery of a claim may be commenced; (3) such policy
57 or contract is complete as to all of its terms without reference to any
58 other document; and (4) the commissioner is satisfied that such policy
59 or contract complies with the provisions hereof. [The provisions of this
60 subsection shall apply to any such policy or contract issued or renewed
61 on or after July 1, 2014.]

62 (c) If a policy or contract under subsection (a) or (b) of this section is
63 for commercial real property and:

64 (1) Is made, issued, renewed or delivered by any nonadmitted
65 insurer or any agent or representative thereof and defines
66 "depreciation" differently than as set forth in section 38a-307, such
67 policy or contract shall not include a coinsurance clause. If any such
68 policy or contract includes a coinsurance clause, such clause shall be
69 void and unenforceable; and

70 (2) Is made, issued, renewed or delivered by any admitted or
71 nonadmitted insurer or any agent or representative thereof and
72 includes a coinsurance clause, such policy or contract shall contain on
73 the declaration page (A) the percentage of the coinsurance clause, and
74 (B) the minimum dollar amount of coverage needed to avoid
75 triggering such clause.

76 [(c)] (d) None of the provisions of this section shall apply to policies
77 of automobile or aircraft physical damage insurance or to policies of

78 inland marine insurance.

79 [(d)] (e) The provisions of section 38a-346 shall apply in the event of
80 cancellation of a policy issued pursuant to this chapter.

81 [(e)] (f) Any policies made, issued, renewed or delivered through a
82 fire, liability and allied lines underwriting facility established by the
83 Insurance Commissioner pursuant to section 38a-328 shall not be
84 subject to the cancellation of policy provisions or notice of cancellation
85 requirements of section 38a-307, provided such policies comply with
86 any regulation adopted by the Insurance Commissioner pursuant to
87 subsection (a) of section 38a-328.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	October 1, 2015	38a-308
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Statement of Purpose:

To prohibit coinsurance clauses in certain commercial real property insurance policies or contracts, and require disclosures concerning coinsurance clauses in certain commercial real property insurance policies or contracts.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]